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March 15, 2012

Honorable John Fonfara
Honorable Vickie Nardello
Co-Chairpersons, Energy & Technology Committee
Legislative Office Building - Room 3900
Hartford, CT 06106

Dear Senator Fonfara and Representative Nardello:

Please accept this letter as comments for **Senate Bill 416 – An Act Concerning the Mergers and Acquisition of the Holding Companies of Certain Public Utility Companies.**

On behalf of UIL Holdings Corporation, we believe this raised bill is unnecessary. The proposed bill overreaches, raises constitutional questions, and most importantly, the proposed bill would have a negative impact on Connecticut companies, which is not good for the state's consumers.

SB 416 is not needed because existing state statutes already authorize the Public Utility Regulatory Authority (PURA) to consider any expected benefits from an acquisition or merger of a public utility or public utility holding company. Existing law also provides that regulators consider expected rate impacts, employment levels or commitments or proposals from public utility companies in these and other areas affecting the company operations in the state. In addition, existing law protects the state's consumers from paying more than just and reasonable costs of a utility in the form of rates, regardless of where those operating costs are incurred.

The raised bill does a disservice to the State's efforts to promote Connecticut as a place to do business. As you know, under Section 16-

19e(4) a public utility is "...entitled to recover [in rates] prudent expenses and that the level and structure of rates be sufficient, but no more than sufficient, to allow public service companies to cover their operating costs including, but not limited to, appropriate staffing levels, and capital costs, to attract needed capital and to maintain their financial integrity ..."What constitutes a reasonable return should not be limited by what another state's regulatory agency authorizes for a related company under common ownership with the Connecticut utility. A company's rate of return should be established by the regulatory body after considering all the evidence submitted in a rate proceeding. The language in Senate Bill 416 regarding this issue could also adversely affect the valuation of a utility and thus, harm the potential gains from a merger or acquisition and potentially hamper the ability of a combined entity's ability to attract investors to fulfill its public service obligations.

We appreciate the opportunity to comment on this bill. If you have any questions please call me at 203-521-2455 at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Carlos M. Vázquez", with a stylized flourish at the end.

Carlos M. Vázquez
Senior Director, Government Relations